Mortgage Rates Didn't Move Much Over The Weekend

The average top tier conventional 30yr fixed rate was just a hair over 7% on Friday afternoon and the same is true at the start of the new week. Rates are based on bonds, but while bonds move constantly throughout the day, mortgage lenders only adjust rates once per day unless there's excessive volatility in the bond market. This concept has been important, recently, because there's been more intraday volatility than normal.

Intraday volatility came into play on Friday afternoon, but too late in the day for almost any lender to do anything about it. As a result, the bond market implied slightly higher rates this morning, simply because lenders never got around to raising rates on Friday afternoon.

The net effect is modestly paradoxical: the bond market is actually slightly better (i.e. bonds are saying rates should be a bit lower), but the average lender is actually offering slightly higher rates versus Friday. Fortunately, the difference between "higher" and "lower" in this example is so small that no one will care, but it's important to understand HOW these things transpire in order to make sense of more serious examples.

As for the risk of more serious volatility, the only sure bet is that the first two weeks of December are the most important 2 weeks left in 2024. This has to do with the economic data on tap and its impact on the Fed announcement that will follow on the 3rd week.

The time between now and then is anyone's guess. All we know is that rates have been trending gradually higher without any signs of major reprieve. That could change in the near term, but not likely in a way that sends rates sharply lower. In other words, the best victory we could hope for would be for rates to simply avoid making new long-term highs. In that sense, today was a victory.

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